

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 SS-15
STR-04 ITC-01 TRSE-00 PRS-01 SP-02 OMB-01 NSCE-00
SSO-00 USIE-00 INRE-00 /081 R

DRAFTED BY AGRIC/FAS:BWADSWORTH:EB/OT/TA:JRCUNNINGHAM:JVM
APPROVED BY EB/OT/TA:DPATTERSON
TREASURY:LBARDON (SUBS.)
AGRIC/FAS:BKMEEKER (SUBS.)
AGRIC/FAS:GSBROWN (SUBS.)
AGRIC/FAS:ERBEVIS (SUBS.)
EUR/RPE:ECASEY (SUBS.)
EB/OT/STA:WDIROLL
EUR/CE:RBCASAGRANDE (SUBS.)
EB/FPD/OFJ:JRICHARDSON (SUBS.)
-----069199 032208Z /45
O 032135Z AUG 77
FM SECSTATE WASHDC
TO AMEMBASSY BERN IMMEDIATE

UNCLAS STATE 182460

E.O. 11652: N/A

TAGS:ETRD, SZ

SUBJECT: SWISS CHEESE QUOTA - COUNTRY TRANSFERS

REFERENCE: BERN 3453

1. USDA INFORMED SWISS EMBASSY BY LETTER ON MAY 27, 1977
(ADDRESSED TO SILVIO ARIOLI, ECONOMIC COUNSELOR) THAT USDA
HAD RECEIVED EVIDENCE FROM U.S. IMPORTER SOURCES WHICH
INDICATED SWITZERLAND WOULD BE UNABLE TO FILL QUOTA
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ALLOCATIONS FOR THREE CHEESE TYPES: SWISS OR EMMENTHALER
(TSUS 950.10B), GRUYERE PROCESS (TSUS 950.10C) AND
OTHER (TSUS 950.10D). THE LETTER REQUESTED SWISS COMMENT
AND INFORMATION AND STATED THAT IF COUNTRY TRANSFERS
WERE FOUND TO BE IN ORDER, APPROPRIATE LICENSES WOULD
BE ISSUED TO PERMIT THE IMPORT OF QUOTA ITEMS FROM ANY
COUNTRY (INCLUDING SWITZERLAND) FOR REMAINDER OF THIS

QUOTA YEAR (CY 1977).

IN RESPONSE DATED JULY 1, 1977 ARIOLI REAFFIRMED THAT THE SWISS POSITION ON EMMENTHALER REMAINS UNCHANGED. SWITZERLAND MAINTAINS THAT AS A RESULT OF THEIR EARLIER COMMITMENT TO THE U.S. TREASURY DEPARTMENT, THAT "THERE WILL BE NO EXPORTS OF LOW QUALITY SUBSIDIZED 'GRINDER' CHEESE FROM SWITZERLAND TO THE U.S.", THE QUOTA SHOULD REMAIN UNFILLED. WITH REGARD TO GRUYERE PROCESS CHEESE THE LETTER STATED THAT "IT SEEMS LIKELY THIS QUOTA COULD BE FILLED ENTIRELY OR AT LEAST IN PART BY EXPORTS FROM SWITZERLAND". FINALLY CONCERNING "OTHER CHEESE" THE LETTER STATED "IT IS IMPOSSIBLE FOR THE TIME BEING TO FORSEE IF THE QUOTA COULD BE UTILIZED OR NOT BY SWISS SUPPLIERS."

2. AT MEETING ON JULY 29, USDA QUOTA MANAGERS INFORMED MEILI OF SWISS EMBASSY THAT THE LICENSING AUTHORITIES WILL NOT AUTHORIZE TRANSFERS IN THE QUOTAS FOR "GRUYERE PROCESS" OR "OTHER CHEESE" AS LONG AS SWISS CAN DEMONSTRATE ABILITY TO SUPPLY AT PRICES BELOW PRICEBREAK (CURRENT US DOLLARS 1.05 PER LB. FOB). MEILI PROMISED TO SUPPLY QUOTA MANAGERS WITH COPIES OF ACTUAL BELOW-PRICEBREAK OFFERS TO U.S. IMPORTERS ON GRUYERE-PROCESS AND "OTHER CHEESE" PLUS LETTER STATING SWISS PRODUCERS/SHIPPERS READY, WILLING AND ABLE SUPPLY THESE UNCLASSIFIED

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QUOTAS.

3. EMMENTHALER PROBLEM WAS TREATED SEPARATELY. AS PART OF A JULY, 1975 UNDERSTANDING BETWEEN TREASURY ASSISTANT SECRETARY MACDONALD AND AMBASSADOR JACOBI, U.S. WAIVED COUNTERVAILING DUTIES ON TSUS950.10B&C CHEESES, AND, INTER ALIA, SWITZERLAND PROMISED TO "NOT EXPORT LOW QUALITY GRINDER CHEESE TO THE U.S.". (CVD WAIVER AUTHORITY EXPIRES JANUARY 4, 1979.) HOWEVER, USDA IMPORT REGULATIONS (7 CFR 6.20-6.33) REQUIRE USDA TO MAKE COUNTRY TRANSFER WHEN SUPPLYING COUNTRY CANNOT FILL A QUOTA. THIS REQUIREMENT HAS BEEN EXAMINED BY USDA ATTORNEYS WHO GAVE OPINION THAT THE COUNTRY TRANSFER MUST BE EFFECTED. QUOTA MANAGERS ARE OBLIGATED TO CONFORM TO THIS RULING AND PLAN TO BEGIN, BY END OF MONTH, GRANTING TRANSFERS UPON REQUEST BY APPROPRIATE LICENSEES. TRANSFERS WILL AUTHORIZE LICENSEE TO OBTAIN CHEESE FROM THE COUNTRIES OF THEIR CHOICE.

4. INFORMATION ON QUOTAS, ISSUED ANNUALLY BY PRESIDENTIAL PROCLAMATION, AND IMPORTS FROM SWITZERLAND AS DISCUSSED WITH MEILI ARE AS FOLLOWS:

QUOTA (LBS.)	IMPORT (LBS.)	IMPORT (LBS.)	IMPORT (LBS.)
JAN-JUNE, 1977	1976	1977	

EMMENTHALER	269,000	-0-	-0- -0-
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GRUYERE-PROCESS	2,234,000	3,218	6,006 20,986
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OTHER	215,000	-0-	1,377 6,422
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THE QUOTA ALLOCATIONS HAVE TOTALLED 1,233MT ANNUALLY.

AGGREGATE IMPORTS AGAINST THIS QUOTA HAVE BEEN:

1969-75 (AVERAGE) 99MT 8 PERCENT OF QUOTA FILLED
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1974 46MT 3.7 PERCENT OF QUOTA FILLED

1975 12MT 1 PERCENT OF QUOTA FILLED

1976 3MT 0.2 PERCENT OF QUOTA FILLED

5. TOTAL 1976 CHEESE IMPORTS FROM SWITZERLAND WERE 6,210MT -- UP 21 PERCENT FROM 1975. TOTAL VALUE WAS 17.2 MILLION DOLLARS -- UP 31 PERCENT FROM 1975. HIGH QUALITY EMMENTHALER ACCOUNTED FOR OVER 80 PERCENT OF TOTAL ON BOTH QUANTITY AND VALUE BASIS. QUOTA CHEESE IS AN INSIGNIFICANT PORTION OF SWITZERLAND'S US 17 MILLION DOLLARS PLUS U.S. CHEESE MARKET, AS IT NORMALLY AMOUNTS TO LESS THAN 1 PERCENT OF THE TOTAL OF IMPORTS OF CHEESE FROM SWITZERLAND. CHRISTOPHER

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Sent Date: 03-Aug-1977 12:00:00 am
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
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vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/ebad8c4e-c288-dd11-92da-001cc4696bcc
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